SOLID RESOURCES LTD.

1995 ANNUAL REPORT

SOLID RESOURCES LTD.

1995 Annual Report

TABLE OF CONTENTS

Tandem Wireline Unit

SOLID RESOURCES LTD.

Corporate Profile

Wireline crew preparing to run production logging tool string into wireline.

Solid Resources Ltd. was incorporated on December 3, 1986. It is a Canadian public company based in Alberta. The Company commenced operations when it acquired several well established wireline service and well testing companies, with the intent of creating a Canadian owned multi-service company to meet the needs of the petroleum industry. Solid has the largest wireline fleet in Canada, representing roughly twenty percent of the total units operational in Canada. Solid also has twenty six well testing units, twenty four of which are designed for use in conventional vertically drilled wells and two for use on offshore production rigs. The Company has eight branch locations throughout Western Canada with its main sales office located in Calgary and corporate offices in Edmonton, Alberta.

Beginning in 1990, management undertook initiatives that moved Solid into the international arena which generated agency revenues to support the domestic operations. International agency offices have been established in Cyprus and in Moscow, Russia. New agency representatives are being established in the United States, South America, the Middle East and Tunisia. Solid is keeping itself on the technological forefront by adopting new advancements in drilling techniques and production logging, offered both in Canada and abroad.

Investors may participate in Solid Resources Ltd. through common shares which are listed for trading on The Alberta Stock Exchange under the Symbol SRW.

Financial Highlights for the Years Ended April 30

	1995	1994	% Change
	($ thousands except for share data)		
Financial Results			
Revenue	$ 13,706	$ 9,287	48
Net earnings	898	646	39
Cash flow from operations	2,189	1,978	11
Capital expenditures	2,149	765	181
Repayment of long term debt	1,011	247	309
Financial Position			
Total assets	$ 7,282	$ 5,523	32
Working capital (deficiency)	(378)	(728)	48
Long term debt (including current portion)	2,117	2,307	8
Shareholders' equity (deficiency)	407	(492)	183
Per Share			
Earnings before income taxes	$ 0.40	$ 0.28	43
Cash flow	$ 0.50	$ 0.45	11

(Cash flow from operations is defined as cash flow before changes in non-cash working capital balances relating to operations.)

Solid Resources Ltd. achieved record success during fiscal year ended April 30, 1995, both from an operational and a financial perspective. Drawing upon in-house technical expertise, planned diversification and robust momentum in the industry, management achieved significant increases in revenues, earnings, cash flow and operational growth. The highlights of the year are summarized in this report.

Revenues increased by 48 percent to $13.7 million. Pre-tax earnings per share rose by 43 percent from $0.28 per common share in fiscal year 1994 to $0.40 for the year ended April 30, 1995. Cash flow from operations amounted to $2.2 million, up by 11 percent. These achievements make this a record year for the Company.

Cash flow from operations was used to refurbish and upgrade our wireline fleet and well testing equipment, and for repayment of long term debt amounting to $1.0 million.

There was a need to upgrade our existing fleet of vehicles and refurbish equipment which accounted for the increase in capital expenditures of 181 percent. Fifteen new vehicles were acquired and two new wireline vans were purchased. In addition the Company purchased thirty-two new electronic gauges for the wireline service operation which reduced our costs and reliance on third parties from whom we rented these gauges in the past. Of the $2.1 million in capital additions, only $800 thousand was funded with new financing.

With the increase in profitability, the financial strength of the Company is improving. The working capital deficiency and debt to equity ratio will be addressed through a combination of equity financing, debt restructuring and continued profitability.

Alvin A. Harter, Chairman of the Board and President

On May 9, 1995 the Cease Trade Order previously issued by the Alberta Securities Commission on the common shares of Solid was lifted and the shares resumed trading on the Alberta Stock Exchange. The shares have traded from a low of $1.50 to a high of $3.50 since trading resumed.

The outlook for Solid is bright. We have diversified our operations by entering into the production logging business. An exclusive agreement was signed with a U.S. company to introduce and market the "Madden" slickline logging tool in Canada and throughout the Middle East. On May 18, 1995 a Letter of Intent was signed to acquire 100 percent control of this business and continue to carry on its operations in the United States, Venezuela, and possibly other areas in South America.

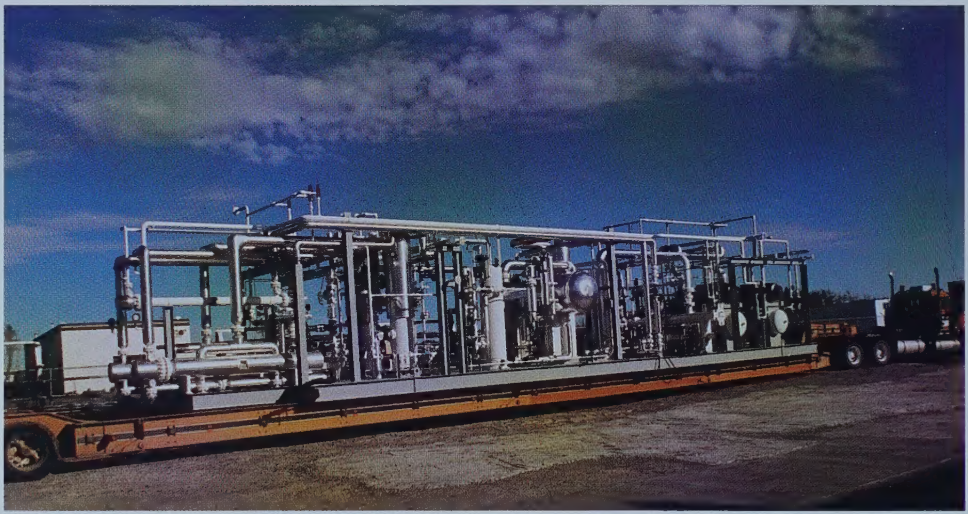
..continued on next page

Modular Gas Plant

Efforts are ongoing to establish our presence in Russia. A number of bid proposals have been submitted. On June 5, 1995 we were advised that the Company was the successful bidder on an $800 thousand U.S. dollar contract which should lead to additional work in the future. Time and patience is necessary when dealing in this or any foreign market. Solid is now on the approved bid list for projects financed by the World Bank.

During the year Solid entered into an Agreement with related parties whereby the Company has been granted the option and right to earn up to a 19 percent interest in certain mineral leases located in the Northwest Territories. For each $100,000 that Solid spends on the property in qualified exploration and development work, the Company earns a 1 percent interest. At April 30, 1995, $106 thousand of qualified expenditures have been incurred. Negotiations are currently underway whereby the Company could acquire an additional 20 percent interest, and thereby hold up to a 39 percent interest in this potentially large base metal deposit.

On behalf of the shareholders, I wish to take this opportunity to thank Ben Stang, who served as a member of the Audit Committee and contributed to the Company's turnaround over the past two years. Mr. Stang resigned from the Board of Directors in April, 1995.



Typical Modular Gas Refrigeration Plant

We would also like to take this opportunity to thank all of our employees for their dedication and efforts put forth during this past year. Everyone in the organization deserves to be congratulated for making this a record breaking year.

Solid is moving aggressively into the future confident in the knowledge that it has experienced, competent and dedicated people who have kept abreast of technological advances in the oil and gas services industry. Our challenge is to capitalize on our strengths, develop our potential and add new opportunities. We look forward to reporting on Solid's continuing success in the years to come and believe that our shareholders will be favorably rewarded.

Alvin A. Harter
Chairman of the Board and President

July 7, 1995

Solid's tractor train hauling drilling equipment into the Hart Property

Solid Resources Ltd. is at an important stage in its corporate evolution as it moves from an established mechanical well testing and wireline service business based in Canada to a much more diversified and manufacturing entity represented internationally.

Solid's fleet of 30 fully equipped wireline units is the largest mechanical wireline fleet in Canada, representing roughly 20% of the total units operational in Canada. Approximately $1.0 million in capital expenditures were incurred during the year to upgrade the fleet of vehicles and refurbish the wireline vans. In addition the Company purchased 32 new electronic gauges at a cost of $0.3 million for the wireline service operation.

Capital additions and improvements to well testing equipment amounted to $0.3 million. Solid owns and operates 26 well testing units, 24 of which are designed for use in conventional vertically drilled wells and the remaining 2 are designed for use on off-shore production rigs.

Solid has diversified its operations by entering into the production logging business. In January, 1995, exclusive long term marketing contracts were signed with Madden Systems Inc. to market its slickline production logging tool in Canada, South America and the Middle East. Solid has since signed a Letter of Intent to purchase the assets of Madden Systems Inc. and Tasco Logging Services Inc. Due diligence is currently under way. This has proved timely as joint venture discussions to expand Solid's wireline and production logging services into the Middle East, Libya and Tunisia have been initiated and are ongoing.

Wireline crew preparing EMR production logging tool.

In addition to expanding its wireline and production testing operations geographically and in terms of services provided, Solid is also intent on diversifying its revenue base. One area that holds considerable potential is the design and fabrication of equipment for production/processing of oil and gas. Recently, Solid's World Bank tender for the manufacture of five modular well testing separator units was accepted. These units are for a customer in Russia. This contract forms a precedent, establishing Solid with the World Bank for future tenders.

Successful agency offices have already been established internationally, in Cyprus and in Russia. New agency representatives are currently being established in other foreign locations.

The Company entered into an Option Agreement in February, 1995 whereby Solid has been granted the exclusive and irrevocable option and right to earn up to a 19% interest in certain mineral leases located in the Northwest Territories. For each $100,000 of qualified exploration and development expenses incurred by the Company on the leases, a 1% interest is earned. An opinion on the potential of this property cannot be given at this stage of exploration.

Trailer Mounted Well Test Unit

To Be Read in Conjunction With The April 30, 1995 Audited Consolidated Financial Statements

Analysis of Operating Results

Net earnings and cash flow from operations achieved record levels in the year ended April 30, 1995, with net earnings increasing 39 percent to $0.9 million and cash flow from operations increasing 11 percent to $2.2 million. Cash flow from operations is defined as cash flow before changes in non-cash working capital balances relating to operations.

Revenues increased 48 percent to $13.7 million with gains in well testing revenue and wireline servicing revenue contributing 54 percent and 46 percent respectively to the overall increase. Cost of sales showed a corresponding 48 percent increase, resulting in a consistent 41 percent profit margin over the two year period.

Administration and general expenses increased 88 percent to $2.7 million primarily due to increased staff and activity levels. The increase in direct salary and wage costs accounts for approximately 50 percent of the overall increase. Industry demands concerning safety and environmental issues, along with the general increase in activity, created the need to add to our management and staff complement. In addition, diversification into other areas dictated the need for the addition of qualified technicians. The increase in staff complement had a corresponding effect on related administrative costs such as travel and office expenses. External professional services also increased significantly. Investigation into the restructuring of the corporate organization and the settlement of a long-standing lawsuit, account for the increase. These costs are non-recurring in nature.

Depreciation expense decreased by 13 percent due to a reduction of $175,000 relating to the settlement of previously outstanding litigation.

Total interest costs increased by 13 percent to $0.4 million. New financing on vehicle acquisitions accounts for the increase. Any reduction in interest costs due to the decrease in average debt outstanding was offset by an increase in the effective rate throughout the year.

The equity in loss of joint venture represents the Company's proportionate share of costs allocated to the Cyprus company to maintain its ongoing operation.

Liquidity and Capital Resources

Cash flow from operations was $2.2 million compared to $2.0 million in the previous year. This increase in operating cash flow is the result of increased business activity.

Investing activities consisted primarily of additions and improvements to the wireline fleet and equipment and the well testing equipment. Capital additions, net of proceeds on disposal of equipment, amounted to $1.7 million compared to $0.5 million in the previous year. Exploration expenditure of $0.1 million were also incurred pursuant to an agreement granting the Company the right to earn up to a 19 percent interest in a base metal deposit. These activities were funded by cash flow of $1.0 million and new debt financing of $0.8 million.

During the year the Company repaid $1.0 million of its long term debt, reducing the principal outstanding to $2.1 million. Approximately 90 percent of the principal outstanding matures within 2 years. Other financing activities totalling $370,000 consist of advances to the off-shore joint venture and our partner, in the form of cash payments made on their behalf.

The Company expects that cash flow from operations for the year ended April 30, 1996 will be more than sufficient to meet long term debt requirements. Capital expenditures are expected to approximate this years level and will be funded by cash flow and new debt financing. Equity financing will be used to fund further expenditures on the resource property and the expansion and diversification into other countries. Negotiations are currently underway to increase the operating line of credit with a Canadian chartered bank from the current level of $250,000 to an amount in excess of $0.5 million.

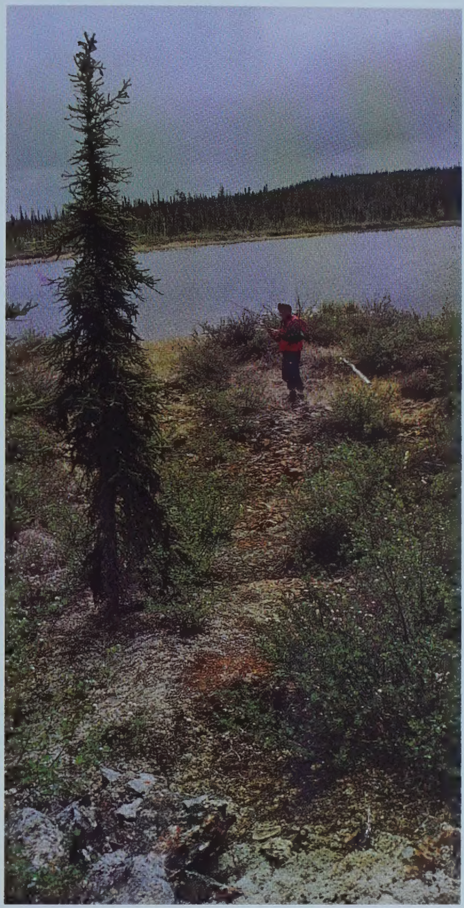
The year end working capital deficiency of $0.4 million and high debt to equity ratio will be addressed in the near future through a combination of equity financing, debt restructuring and continued profitability.

Business Outlook

The outlook for continued growth and prosperity for Solid looks bright. With the completed and planned upgrades and refurbishing of our wireline fleet and well testing equipment, Solid should maintain its market share in the competitive gas and oil well servicing business. Recent advancements in computer technology and our entry into the slickline production logging business, present Solid with a tremendous opportunity to expand its services. In addition, the recent acceptance of Solid's World Bank tender for the design and fabrication of modular well testing separator units for delivery to Russia will form a precedent establishing Solid with the World Bank for future tenders.

Overall, Solid's short term strategy is to capitalize on its existing market opportunities in the gas and oil sector through diversification of profit divisions and geographic markets. Projecting forward, Solid plans to expand into other resource sectors where Solid's financial and operational systems can add value, and where Solid's international marketing efforts can be utilized.

Management's Report



Hart Property, "M" Zone polymetallic massive sulfide zone containing 800,000 tons of drill proven reserves.

The accompanying consolidated financial statements of Solid Resources Ltd. were prepared by management in accordance with accounting principles generally accepted in Canada. Financial information presented throughout the annual report is consistent with that shown in the consolidated financial statements.

Management maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

KPMG Peat Marwick Thorne, an independent firm of chartered accountants appointed by the shareholders, have examined the consolidated financial statements. The Audit Committee has reviewed the consolidated financial statements with management and the auditors and has reported to the Board of Directors who have approved the consolidated financial statements.

Alvin A. Harter
Chairman of the Board and President

Allen L. Berting
Secretary and Controller

Edmonton, Alberta
June 9, 1995

Auditors' Report To The Shareholders

We have audited the consolidated balance sheets of Solid Resources Ltd. as at April 30, 1995 and 1994 and the consolidated statements of earnings and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at April 30, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

KPMG Peat Marwick Thorne

Chartered Accountants

Calgary, Canada
June 9, 1995

	1995	1994
ASSETS		
Current Assets		
Accounts receivable	$ 3,206,459	$ 2,637,973
Inventories (Note 3)	172,931	172,282
Prepaid expenses and deposits	156,211	144,987
	3,535,601	2,955,242
Deferred Finance Charges	2,322	15,976
Deferred Exploration Costs (Note 4)	105,647	–
Property and Equipment (Note 5)	3,008,816	2,137,379
Investment in Joint Venture (Note 6)	245,922	414,250
Due from Joint Venture (Note 7)	383,590	–
	3,746,297	2,567,605
	$ 7,281,898	$ 5,522,847
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Outstanding cheques less cash in bank (Note 8)	$ 248,809	$ 265,519
Accounts payable and accrued liabilities	2,182,542	1,513,626
Due to Porta-Test Inc.	–	300,000
Promissory notes payable (Note 9)	404,000	404,000
Current portion of long term debt	958,169	629,751
Income taxes payable	120,000	–
Deferred income taxes	–	570,000
	3,913,520	3,682,896
Due to Joint Venture (Note 7)	–	76,022
Due to Joint Venture Participant (Note 10)	502,723	578,174
Long Term Debt (Note 11)	1,158,949	1,677,416
Deferred Income Taxes	1,300,000	–
	6,875,192	6,014,508
Shareholders' Equity		
Share capital (Note 13)		
Authorized		
Unlimited number of common shares		
Issued and fully paid		
4,366,250 common shares	639,625	639,625
Deficit	(232,919)	(1,131,286)
	406,706	(491,661)
Contingencies and Commitments (Note 12)		
Subsequent Events (Note 16)		
	$ 7,281,898	$ 5,522,847

See Notes to the Consolidated Financial Statements.

Signed On Behalf of the Board

Director Director

	1995	1994
Revenue	**$ 13,705,887**	$ 9,286,993
Cost of sales	**8,120,745**	5,474,699
	5,585,142	3,812,294
Expenses		
Administration and general	**2,723,102**	1,447,141
Depreciation (Note 5)	**739,670**	852,381
Interest on long term debt	**212,225**	176,489
Interest on promissory notes	**46,740**	46,325
Interest and bank charges	**141,513**	131,245
Interest on capital leases	**4,087**	5,212
	3,867,337	2,658,793
Earnings before the undernoted	**1,717,805**	1,153,501
Other income		
Gain on sale of property and equipment	**193,013**	116,272
Miscellaneous revenue	**5,877**	14,364
Equity in loss of joint venture (Note 6)	**(168,328)**	(68,000)
Earnings before income taxes	**1,748,367**	1,216,137
Income taxes (note 14)		
Current	**120,000**	–
Deferred	**730,000**	570,000
	850,000	570,000
Net earnings	**898,367**	646,137
Deficit, beginning of year	**(1,131,286)**	(1,777,423)
Deficit, end of year	**$ (232,919)**	$ (1,131,286)

See Notes to the Consolidated Financial Statements.

	1995	1994
Operating Activities		
Net earnings	$ 898,367	$ 646,137
Add (deduct) items not affecting cash		
Depreciation	739,670	852,381
Amortization of deferred finance charges	13,654	25,873
Gain on sale of property and equipment	(193,013)	(116,272)
Deferred income taxes	730,000	570,000
	2,188,678	1,978,119
Changes in non-cash balances relating to operations		
Accounts receivable	(568,486)	(1,554,718)
Inventories and prepaid expenses	(11,873)	57,253
Accounts payable and accrued liabilities	668,916	375,103
Income taxes payable	120,000	–
	2,397,235	855,757
Investing Activities		
Purchase of property and equipment	(2,149,073)	(765,414)
Proceeds on disposal of equipment	430,979	234,347
Deferred exploration costs	(105,647)	–
	(1,823,741)	(531,067)
Financing Activities		
Advances to joint venture	(291,284)	(290,380)
Advances to joint venture participant	(75,451)	(68,486)
Increase in long term debt	820,465	214,090
Repayment of long term debt	(1,001,592)	(198,594)
Repayment of capital lease obligations	(8,922)	(48,276)
Promissory notes payable	–	29,000
	(556,784)	(362,646)
Net cash inflow (outflow)	16,710	(37,956)
Bank indebtedness, beginning of year	265,519	227,563
Bank indebtedness, end of year	$ 248,809	$ 265,519

Bank indebtedness is defined as outstanding cheques less cash in bank.

See Notes to the Consolidated Financial Statements.

1. Description of Business

Solid Resources Ltd. (the "Company") is incorporated under the Laws of the Province of Alberta.

The Company is a holding company with investments in three wholly owned subsidiaries all of which are consolidated:

354002 Alberta Ltd.
99% partner in Solid Wireline Services, a partnership which is engaged in oil and gas well testing and servicing.
358738 Alberta Ltd.
1% partner in Solid Wireline Services.
383933 Alberta Ltd.
holding company previously engaged in the rental of wireline servicing equipment.

The Company also holds a fifty percent interest in an offshore corporate joint venture that is accounted for on the equity basis:

Solid Engineering (Cyprus) Limited
engaged in the sale of gas plants and other related oilfield equipment.

2. Significant Accounting Policies

(a) Inventories

Inventories are recorded at the lower of cost and replacement cost.

(b) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is recorded at rates designed to depreciate the cost of assets over their estimated useful lives on a straight-line basis as follows:

Wireline tools and equipment	10%	Leasehold improvements	50%
Well testing equipment	10%	Buildings	5%
Automotive and mobile homes	15%	Equipment under capital lease	15%
Furniture and equipment	10%	Electronic gauges	20%
Computer equipment	20%		

(c) Deferred finance charges

The cost of obtaining financing is amortized at a rate proportionate to the interest over the term of the related long term debt.

(d) Deferred exploration costs

The Company is also engaged in the acquisition, exploration and development of resource properties. These activities are in the pre-production stage, and accordingly all costs, net of incidental revenues, are capitalized. When properties are developed to the stage of commercial production, these costs will be charged against earnings, through unit of production depletion. The costs relating to a property abandoned are written off when the decision to abandon is made. General administration and overhead expenditures are expensed as incurred.

(e) Deferred income taxes

The Company follows the tax allocation basis of accounting for income taxes. Deferred income taxes shown on the financial statements result from timing differences between financial and tax reporting principally related to recognition of partnership income.

(f) Investment in joint venture

The investment in the corporate joint venture, Solid Engineering (Cyprus) Limited, is accounted for by the equity method.

(g) Foreign currency translation

Monetary balance sheet items are translated into Canadian dollars at the exchange rate in effect at the year end, and income and expense items are translated at the rates prevailing at the transaction date. Gains or losses resulting from translation are included in earnings.

3. Inventories

	1995	1994
Wireline consumables	$ 122,591	$ 117,755
Testing consumables	33,053	45,349
Other	17,287	9,178
	$ 172,931	$ 172,282

4. Deferred Exploration Costs

The Company, through its wholly owned subsidiary 354002 Alberta Ltd., has entered into an Agreement dated February 15, 1995 with related parties whereby the Company has been granted the exclusive and irrevocable option and right to earn up to a nineteen (19%) percent interest in certain mineral leases located in the Northwest Territories. For each $100,000 of qualified exploration and development expenditures incurred by the Company on the leases, the Company earns a one (1%) percent interest. As at April 30, 1995, $105,647 of qualified expenditures have been incurred. During the currency of this Option Agreement, operational control shall be vested in the Company provided that the Company continues to incur expenditures and earn its interest in the property.

The related parties involved are subject to significant influence by an officer and major shareholder of the Company.

5. Property and Equipment

	1995		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ –	$ –	$ –
Wireline tools and equipment	3,083,273	2,266,824	816,449
Well testing equipment	1,112,855	302,162	810,693
Automotive equipment	3,122,206	2,150,230	971,976
Electronic gauges	347,554	7,242	340,312
Furniture and equipment	85,043	74,535	10,508
Computer equipment	98,748	48,877	49,871
Mobile homes	15,150	6,143	9,007
Office building	–	–	–
Leasehold improvements	17,985	17,985	–
Equipment under capital lease	561,421	561,421	–
	$ 8,444,235	$ 5,435,419	$ 3,008,816

Pursuant to the settlement of previously outstanding litigation, the cost of wireline tools and equipment, accumulated depreciation, and depreciation expense thereon, were reduced by $300,000, $175,000 and $175,000 respectively.

	1994		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 10,000	$ –	$ 10,000
Wireline tools and equipment	3,076,366	2,231,184	845,182
Well testing equipment	921,091	219,559	701,532
Automotive equipment	2,416,479	2,055,107	361,372
Furniture and equipment	69,690	67,110	2,580
Computer equipment	55,578	42,569	13,009
Mobile homes	15,150	4,627	10,523
Office building	135,440	27,792	107,648
Leasehold improvements	17,985	17,985	–
Equipment under capital lease	599,918	514,385	85,533
	$ 7,317,697	$ 5,180,318	$ 2,137,379

6. Investment in Joint Venture

Solid Resources Ltd. has a fifty (50%) percent interest in Solid Engineering (Cyprus) Limited, a joint venture Cypriot company incorporated on October 24, 1991 to direct the development of the foreign operations of the Company.

The investment consists of the following:

	1995	1994
Investment in shares		
25,000 shares of one Cyprus Pound each	$ 67,400	$ 67,400
Equity in undistributed earnings of joint venture	178,522	346,850
	$ 245,922	$ 414,250

The condensed Statements of Earnings of Solid Engineering (Cyprus) Limited for the years ended April 30 are as follows:

	1995	1994
Revenue - based on percentage of completion method	$ –	$ 580,500
Cost of sales	–	336,578
	–	243,922
Administration and general expenses	336,656	379,920
Net loss	336,656	135,998
Solid Resources Ltd. equity interest	$ 168,328	$ 68,000

The condensed Balance Sheets of Solid Engineering (Cyprus) Limited as at April 30, are as follows:

	1995	1994
Assets		
Cash	$ 10	$ 3,510
Prepaid expenses	12,814	–
Tools and equipment	97,920	–
Due from joint venture participants	924,640	1,000,662
	$ 1,035,384	$ 1,004,172
Liabilities and Participants' Equity		
Accrued expenses	$ 59,278	$ 42,920
Provision for income taxes	–	32,080
Due to Solid Resources Ltd.	383,590	–
Share capital	134,800	134,800
Retained earnings	357,043	693,699
Currency translation adjustment	100,673	100,673
	$ 1,035,384	$ 1,004,172

7. Due From Joint Venture

The balance due is non-interest bearing, unsecured, and consists of the following:

	1995	1994
Due to joint venture	$ (76,022)	$ (434,402)
Less reimbursement of expenses incurred by the Company	459,612	358,380
Due from (to) joint venture	$ 383,590	$ (76,022)

8. Bank Operating Loan

The Company has arranged with its bankers, a demand revolving operating loan up to $250,000 to be available by way of overdraft and used to assist in financing general operating requirements. Interest is charged at a floating rate equal to the Bank's prime rate plus 1.5%. Security is provided by an unlimited general security agreement creating a first charge over all present and after acquired assets of the Company, subject to priority agreements with other secured lenders acknowledging the Bank's first charge on accounts receivable up to $300,000.

9. Promissory Notes Payable

	1995	1994
Unsecured note payable to a shareholder bearing interest at bank prime plus 2%, payable on demand. A demand for payment has been received by the Company (Note 12(a)). Accrued interest at April 30, 1995 of $78,915 1994 - $57,225) is included in accounts payable and accrued liabilities.	$ 200,000	$ 200,000
Unsecured notes payable bearing interest at 12% per annum, with conversion privileges to common shares of the Company, subject to the approval by the Alberta Stock Exchange.	204,000	204,000
	$ 404,000	$ 404,000

10. Due To Joint Venture Participant

The amount due bears interest at 10% per annum, is repayable on demand and is secured by the Company's shares in the joint venture (Note 6).

In addition the Company has agreed that in the event the controlling interest in Solid Resources Ltd. is not held by the existing control group or in the event of the Company's bankruptcy, title to the shares held as security will be transferred to the joint venture participant.

The joint venture participant is subject to significant influence by an officer and major shareholder of the Company.

10. Due to Joint Venture Participant...continued

Transactions during the year with the joint venture participant, a related company, consisted of the following:

	1995	1994
Balance, beginning of year	$ 578,174	$ 646,660
Interest incurred on loan	75,324	71,524
Payments to joint venture participant	(73,775)	(68,010)
Administration fees charged to joint venture participant	(77,000)	(72,000)
Balance, end of year	$ 502,723	$ 578,174

11. Long Term Debt

	1995	1994
RoyNat Inc. term loan, repayable by monthly payments of $33,000 plus interest at the lenders cost of funds plus 2.5%, maturing April 15, 1997	$ 801,000	$ 1,230,000
340308 Alberta Ltd., Bill-Kar Holdings Ltd. and ByNet Holdings Ltd. promissory notes, repayable by monthly graduating payments from $15,000 to $50,000 plus interest at 8% per annum, maturing April 30, 1997	650,000	800,000
Federal Business Development Bank mortgage, repayable by monthly graduating payments from $250 to $901 plus interest until maturity in February, 2003 at the bank's floating base rate plus 1%	–	73,750
Obligations under capital leases	–	8,922
Financing re purchase of electronic gauges, non-interest bearing, repayable by monthly payments ending October 1, 1995	135,450	–
Vehicle finance contracts, repayable by monthly payments of $16,994 including interest at rates ranging from 6.9% to 11.25%, maturing in 1996 through to 1999	530,668	194,495
	2,117,118	2,307,167
Less current portion	958,169	629,751
	$ 1,158,949	$ 1,677,416

The RoyNat Inc. term loan is secured by an assignment and hypothecation of the issued and outstanding share capital of 354002 Alberta Ltd., a first fixed charge on all fixed assets, a floating charge debenture on all other assets, and by a postponement of the landlord's interest in the assets located at each branch location, of the wholly-owned subsidiary 354002 Alberta Ltd.

11. Long Term Debt...continued

The term loan from 340308 Alberta Ltd., Bill-Kar Holdings Ltd. and ByNet Holdings Ltd. is secured by a General Security Agreement over the assets of Solid Wireline Services (partnership) subordinated to any and all security granted to RoyNat Inc. to a maximum principal sum of $3.0 million, to security which may now or hereafter be granted to secure an operating line of credit to a maximum amount of $500,000, and to security granted to lenders who are providing financing for the acquisition of new equipment.

Certain equipment has been pledged as collateral for the vehicle finance contracts.

The principal repayments of long term debt required in each of the next five years are estimated as follows:

1996	958,169
1997	939,619
1998	133,058
1999	76,316
2000	9,956

12. Contingencies and Commitments

(a) A demand for payment from the holder of a $200,000 note payable was received by the Company in 1992. Successful arrangements have been made with the note holder to forego any further collection action, with a commitment by the Company to repay the amount outstanding from the proceeds of the next foreign sale.

(b) The Company is defendant in three legal actions with former employees alleging wrongful dismissal and claiming $400,000 in damages. The resolution of any of these actions is, in the opinion of management, not expected to have a material adverse effect on the Company's consolidated financial position. No provision has been made in these statements with respect to costs, if any, to be incurred.

(c) The Company is committed under operating leases on leased equipment and premises for future minimum lease payments through the year 2000 as follows:

1996	249,868
1997	165,333
1998	125,665
1999	80,496
2000	46,956

Any losses which may result from the contingencies in items (a) and (b) above will be accounted for in the period in which they are determined.

13. Share Capital

There are no changes in share capital during the years ended April 30, 1995 and 1994.

	Common Shares	
	Number	**Amount**
Issued and fully paid at April 30, 1995 and 1994	**4,366,250**	**$ 639,625**

Net earnings per share for the year ended April 30, 1995 amounted to $0.20 (1994 - $0.15)

The Company is in the process of establishing an employee stock option plan which would provide for a maximum of 10% of the currently issued and outstanding common shares of the Company to be reserved for issuance pursuant to the stock option plan. The proposed employee stock option plan is subject to approval by the Alberta Stock Exchange.

14. Income Taxes

The Company has a combined federal and provincial statutory tax rate in 1995 of 44.38% (1994 - 44.38%). The income tax provision differs from the amount obtained by applying the combined Canadian federal and provincial income tax rate to net earnings as follows:

	1995	1994
Expected income tax expense	$ 774,000	$ 558,000
Non-deductible depreciation	75,000	94,000
Other	(40,000)	-
Non taxable portion of capital gains	(26,000)	-
Equity in loss of joint venture not subject to tax	67,000	30,000
Reversal of benefits previously recognized	-	150,000
Unrecognized benefit of accounting losses carried forward	-	(262,000)
	$ 850,000	$ 570,000

The Company has non-capital losses of approximately $540,000 available to reduce future taxable income to the year 2002. The benefit of these losses has not been reflected in these financial statements.

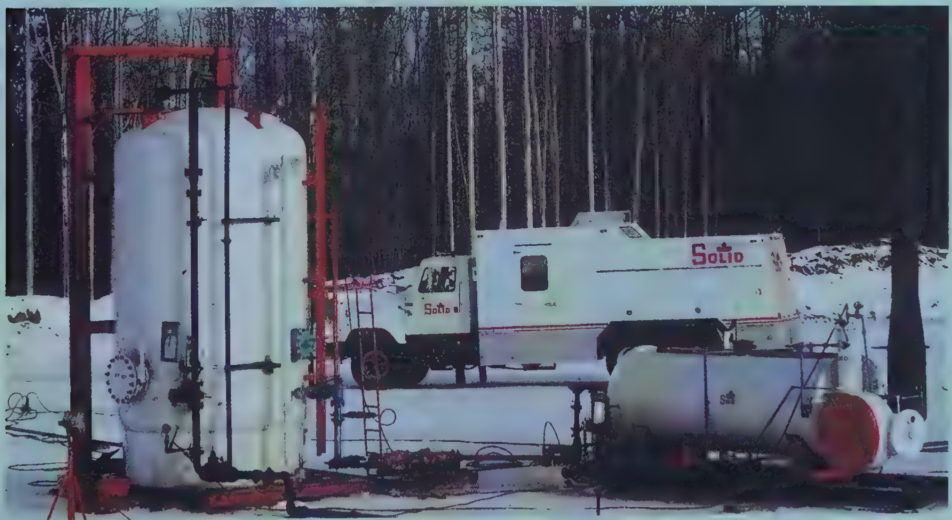
15. Related Party Transactions

During the year, the Company paid $19,300 (1994 - $29,640) in consulting fees to officers of the Company.

16. Subsequent Events

(a) On May 9, 1995 the Cease Trade Order previously issued by the Alberta Securities Commission on the common shares of Solid Resources Ltd. was lifted and the shares resumed trading on the Alberta Stock Exchange.

(b) On May 18, 1995 the Company signed a Letter of Intent with Raymond Madden and Madden Systems Inc., a U.S. corporation, to purchase all assets of Madden Systems Inc. which is involved in engineering, manufacturing, sales and servicing of electronic geophysical measurement systems, and certain other assets and operating services involved in the downhole production logging of geothermal and oil and gas wells in the U.S., Venezuela and other international markets. The purchase price is established to be $660,000 U.S. consisting of $200,000 U.S. in cash and the balance in common shares of Solid Resources Ltd. The transaction is subject to further due diligence examination and execution of a formal purchase agreement.



Well Testing Unit and Wireline Unit working jointly on well location.

($ thousands except for share data)	**1995**	1994	1993	1992	1991
Financial Results					
Revenue	**$ 13,706**	$ 9,287	$ 5,422	$ 5,777	$ 9,655
Earnings (Loss) before income taxes	**1,748**	1,216	(635)	(1,532)	228
Earnings (Loss) per share before income taxes	**0.40**	0.28	(0.15)	(0.36)	0.05
Number of common shares	**4,366,250**	4,366,250	4,366,250	4,300,000	4,300,000
Changes in Financial Position					
Cash flow from operations	**$ 2,189**	$ 1,978	$ 180	$ (458)	$ 921
Cash flow per share	**0.50**	0.45	0.04	(0.11)	0.21
Net capital expenditures	**(1,718)**	(531)	103	(242)	(395)
New debt financing	**820**	214	0	0	0
Debt repayment	**(1,011)**	(247)	(373)	(413)	(712)
Other	**(472)**	(330)	(292)	1,133	(67)
Financial Position					
Total assets	**$ 7,282**	$ 5,523	$ 4,324	$ 5,111	$ 6,499
Working capital (deficiency)	**(378)**	(728)	(1,041)	(2,211)	(1,300)
Property and equipment - net	**3,009**	2,137	2,342	3,223	3,696
Current portion long term debt	**(958)**	(630)	(457)	(531)	(578)
Long term debt	**(1,159)**	(1,677)	(1,883)	(1,382)	(1,748)
Shareholders' equity (deficiency)	**407**	(492)	(1,138)	(509)	637
Statistics					
Working capital ratio	**1 : 1.1**	1 : 1.2	1 : 1.7	1 : 2.7	1 : 1.5

LOCATION OF VOLCANOGENIC, POLYMETALLIC, MASSIVE SULFIDE DEPOSIT

SOLID RESOURCES LTD.

Corporate Information

Production Logging Engineer monitoring progress of wellbore logging run.

Directors

ALVIN HARTER
Chairman of the Board
President and C.E.O.
Ardrossan, Alberta

ROBERT FOX, P.Eng.
Vice President and C.O.O.
Calgary, Alberta

FRANKLIN L. KOBIE, M.B.A., F.C.M.A.
Corporate Director
Edmonton, Alberta

GARY HORTON
Corporate Director
Ardrossan, Alberta

Officers

ALVIN HARTER
Chairman of the Board
President and C.E.O.

ROBERT FOX
Vice President and C.O.O.

ALLEN L. BERTING
Secretary and Controller

Legal Counsel

Bryan & Company
2600 Manulife Place
10180 - 101 Street
Edmonton, Alberta

Auditors

KPMG Peat Marwick Thorne
1200, 205 - 5 Avenue S.W.
Calgary, Alberta

Bankers

Hongkong Bank of Canada
10562 Jasper Avenue
Edmonton, Alberta

Transfer Agent

Montreal Trust Company
530 - 8 Avenue S.W.
Calgary, Alberta

Stock Exchange Listing

The Alberta Stock Exchange
Trading Symbol - SRW

Hart Property, cat trenching in overburden on the "D" geophysical anomaly.

SOLID RESOURCES LTD.

Domestic Operation

Head Office

505 - 19 Avenue
Nisku, Alberta T9E 7V9
(403) 955-7525

Sales Office

490, 734 - 7 Avenue S.W.
Calgary, Alberta T2P 3P8
(403) 237-6050

District Offices

Brooks, Alberta
(403) 362-3003

Drayton Valley, Alberta
(403) 542-6277

Grande Prairie, Alberta
(403) 532-6044

Morinville, Alberta
(403) 425-8973

Okotoks, Alberta
(403) 237-6050

Rainbow Lake, Alberta
(403) 956-3960

Red Deer, Alberta
(403) 347-1416

Whitecourt, Alberta
(403) 778-4440

Nisku, Alberta
(403) 955-7525

Foreign Operation

SOLID ENGINEERING
(Cyprus) LIMITED
Nicosia, Cyprus

Wireline and production logging vans on location.

SOLID RESOURCES LTD.

Head Office
505 - 19 Avenue
Nisku, Alberta
Canada T9E 7V9
Phone: (403) 955-7525
Fax: (403) 955-3412

Printed in Canada